

# Merritt's new owner reveals plans

FRI APR 22 1994  
By Daniel Vasquez  
STAFF WRITER

OAKLAND — Keith J. Kim's trademark appears to be an ability to control his environment.

The real estate developer, 32, said that not only is he bent on saving the city's landmark Merritt Restaurant & Bakery, but also he's bent on expanding it. His control seems to be one reason he has held the media and city officials at bay since his buying the firm was announced earlier this week.

"I'm sorry for not answering your calls," Kim said Thursday. "I had to work on my plan and I thought it would be premature to answer questions at that time. Besides, I wanted to talk to my employees before I talked to anyone else. No matter what, my employees come first."

Dressed neatly in a forest-green pullover with rolled-up sleeves and khaki slacks, Kim seemed comfortable with his plans for the noted restaurant. "I'm intense when it comes to business, but I also like to enjoy life," he said.

Kim said the Merritt is known from Sacramento to San Jose. "That's an incredible asset. My plan is to fix it. And mark my words, I will expand this place. I may be hiring 200 more people in the next five or six years."

"If you're not a part of it, you're not aware of it," said Kim describing a Merritt "mystique," which draws patrons from every economic and social level.

Kim seems to understand business. He owns Van Keith & Co., Oakland, a real estate development and investment enterprise, and the

Orinda Construction Co., which builds for the real estate operation.

"I broker my own deals, then build it and then manage it," Kim said. "I control everything, starting from the deal to building to renting, to control of quality. In this business, lawsuits are common. In more than four years, I haven't had one lawsuit. Not one."

Kim, who married in February, indicated he struggles with the fact that he lives in Marin County. "Unfortunately, it's a family issue. But I truly love Oakland. That's the main problem with this city: Everyone knows it is a great city, but no one lives here. And they spend their money elsewhere."

Please see **Buy**, A-16

Kim was born in South Korea, the second of three sons. The family moved to the United States when he was 10. A graduate of San Fernando Valley public schools, he received a B.S. in economics from Stanford University.

Kim moved to Sacramento in 1985 to take an insurance job. "Actually, I moved to Sacramento because it was a place where I could afford to buy a home right out of college," he said.

After dabbling in real estate on the side for several years, and selling his first home at a profit, Kim said, he wanted to be his own boss. He founded the Van Keith Co. in 1989 and has run it since.

He said he learned about the 43-year-old Merritt by reading articles in The Tribune.

Kim's interest had been limited to buying the Merritt name and some equipment. "To be honest, I didn't know how important Merritt was to Oakland until I read the newspaper articles and saw the response by people," he said.

Kim said he was an acquaintance of Merritt owner Walt Harmon. He said that, after reading the articles, he visited the restaurant, talked to customers and ordered food.

"All of the loyal customers from the past began coming out of the woodwork and this whole snowball effect really fascinated me," Kim said.

# Merritt Bakery has expansion on its fu

WED NOV - 2 1994

By Craig Staats  
STAFF WRITER

OAKLAND — Six months after its future looked bleak, Oakland's much-loved Merritt Restaurant and Bakery announced Tuesday it plans to add at least four satellite stores by the end of 1995.

Merritt's owner, Keith Kim, praised city and union officials for not only helping him put the restaurant-bakery on a firmer footing, but making it possible to grow.

Kim, who called it "a great day for us," said he hopes to add a total of 10 new satellite stores in all, including sites at 1714 Franklin St. and near City Center in downtown Oakland, North Oakland and Montclair.

The Franklin Street location is expected to open by Thanksgiving.

Merritt's main location, at 203 E. 18th St., will remain a bakery and restaurant and serve as the base kitchen for the other outlets, including one planned in Hayward, Kim said.

Mayor Elihu Harris said Merritt's turnaround was the result of a collaboration between city officials, the Chamber of Commerce and the Oakland Commerce Corp., which helps businesses in trouble or in danger of leaving the city.

"The threat of its closure was heard throughout the city," Harris said.

City officials celebrated the announcement with a platter of Merritt's signature fried chicken and a 4-foot-by-4-foot sheet cake, decorated with roses and the

# uture menu

words: "There's something happening here! Merritt Bakery & Oakland."

Kim said city officials helped by improving lighting in the area, cleaning up the park across the street and removing parking meters on Second Avenue to make it more convenient for his customers.

Kim also praised Gabriel Hernandez, a representative with the Hotel Employees and Restaurant Employees Union Local 28, who helped negotiate contract changes to allow employees to work in both the bakery and restaurant.



WED APR 27 1994

**NO BIZ LIKE SHOW BIZ:** Recently, two kids in Oakland were allegedly shot by an older sibling. Picture this scene: The injured are waiting for an ambulance. Distraught family members are trying to make sense of the tragedy. A Channel 7 camera crew arrives, led by reporter Faith Fancher — who begins signing autographs . . . FROM boo-hoo to ballyhoo and back: The announcement that the Merritt Restaurant and Bakery, an Oakland institution, was to close prompted an outpouring of support for the eatery-meetery-cakery-bakery. (Cue the William Tell Overture.) Saviour appears in the Lone Ranger-ish form of Keith Kim. Rejoicing and brief feel-good reprieve precede administration of silver bullets. Kim will close the Merritt on Saturday, ostensibly for repairs, but when the joint reopens, will we see the familiar faces of longtime employees who are gray of head and holding a dog-eared union card? Don't bet on it.

# New Merritt owner signs worker contract

TUE MAY - 3 1994

## Jobs guaranteed to 67 employees for 3 years under labor deal

By Daniel Vasquez  
STAFF WRITER

OAKLAND — Although some jobs were lost in the historic deal, labor and city leaders Monday congratulated Merritt Restaurant's new owner for his willingness to retain a majority of employees who helped make the eatery legendary.

Before a crowd of reporters, employees and customers, Keith I. Kim signed a three-year labor contract that virtually guaranteed the jobs of 67 union employees.

"This has truly been a pleasure," said Kim, who purchased the restaurant and bakery operations from former owner Walt Harmon in April after Harmon announced that he would be closing the 43-year-old institution in a matter of weeks. "Thank you, Mr. Harmon, for choosing me to carry on the tradition," said Kim.

The sudden announcement that Merritt's would be closing sent city officials into a tailspin searching for ways of saving the ailing restaurant known to be a special gathering place for residents, politicians and others.

For weeks, Kim, Harmon and city officials have been negotiating a deal with the assistance of the Oakland Commerce Corporation, the city's Office of Economic Development and Employment and labor leaders to keep the restaurant viable, maintain the "Merritt concept" and retain most

of the current employees.

"This is completely amazing," said Gabriel Hernandez, representative of the Hotel and Restaurant Employees Union Local 28, who also signed the agreement struck with the help of city leaders and business retention specialists.

"(Mr. Kim) wouldn't have signed this contract if he wasn't serious about saving jobs," said Hernandez. "It's one thing to say it, it's another to put it in writing."

Since the purchase was announced, roughly 16 part-time and full-time employees have moved on to other jobs or will be applying for new jobs at the restaurant, said Kim.

Hernandez said that the employees who will be staying on with Merritt's will retain seniority and benefits, and will also receive pension payments that were given up last

year to accommodate the failing business.

"We couldn't save all the jobs, but we saved most of them," said Councilmember Ignacio De La Fuente, a labor leader who assisted in negotiations with Kim.

"The new owner plans on expanding, so there will be new jobs on the horizon," said De La Fuente. "I think everyone wins here."

Kim's expansion plans include satellite restaurants within a 30-mile radius that will serve food and baked goods made at the restaurant at 203 E. 18th St. He also wants to sell wholesale products to local retailers and coffee shops.

"What I like about (Kim) is that he is willing to forget the bottom line and talk about his employees' needs," said Hernandez. "And most of all, he's interested in creating more business which will mean more jobs in the long run."



# Nosherers rejoice: Merritt Bakery is spared

TUE APR 19 1994

By Daniel Vasquez

STAFF WRITER

OAKLAND — Ending weeks of emotional limbo, employees and patrons were treated to a generous helping of good news Monday with the announcement that Oakland's Merritt Restaurant and Bakery will survive under a new owner.

"I can't believe it. I'm so excited," said Deborah Street, who serves takeout chicken orders at Merritt, after learning that owner Walt Harmon had sold the landmark restaurant to local real estate businessman Keith J. Kim.

"Hopefully, this is a true story and we all get to stay," said Street, who said she was giving up her feverish efforts to find a new job.

Harmon did not disclose the actual sales price, but said Kim was chosen from a list of potential buyers



NICK LAMMERS — Staff

Please see **Saved**, A-7

**Bakery workers Deborah Street and Crystal Crenshaw celebrate.**

Three weeks of uncertainty that sent for ways to save the ailing business, taining the "Merritt concept."

Continued from A-1

because he agreed to keep the restaurant open throughout the transition.

"I had several buyers, but (Kim) agreed, when the others wouldn't, to keep the restaurant open and the employees (working)," said Harmon, after telling his employees their jobs would be secure.

Kim, who is associated with Van Keith Real Estate Development and Investment Co., could not be reached for comment late Monday.

He is expected to devote most of his time to Merritt beginning May 2 when he takes over, Harmon said. "(Kim) told me he plans on having a very hands-on approach."

Monday's announcement ended three weeks of uncertainty that sent

people scattering to find ways of saving the eatery, which has become a social and business meeting place for Oaklanders.

On March 28, Harmon announced he would be closing the 43-year-old restaurant and bakery, famous for serving savory chicken and hiring friendly waiters and waitresses who make a point of getting to know customers by name.

Since then, hundreds of current and former customers began pouring into the business, virtually doubling receipts in the past three weeks, said Harmon. He received calls from people nationwide willing to help keep the restaurant open.

City officials and economic experts immediately began searching for ways to save the ailing business,

including plans for road repairs and improved lighting near the Lake Merritt shopping center. They also promised to meet on a moment's notice with prospective buyers to show them the city was serious about helping Merritt remain viable.

And senior citizens who frequented the restaurant when J.O. Kirby founded it in 1952 began returning to beg Harmon to keep it alive. "We have people coming in two or three times a day who used to come in just once a day," said Manager Susan Sotelo.

The outpouring of support also included numerous business calls from prospective buyers, but Harmon said that Kim stood out because he was interested in maintaining the "Merritt concept."



# San Antonio residents unhappy with

SAT OCT 10 1992

By Yasmin Anwar  
Tribune staff writer

San Antonio District residents are rallying to block the development of a low-income housing project, arguing that their Oakland neighborhood has become a dumping ground for the city's downtrodden.

Neighbors and community leaders yesterday protested at the Lagunita Terrace project site on East 15th Street, where Marin County developer Keith

Kim plans to build a four-story rent-subsidized complex.

Lambasting the Oakland Planning Commission for approving the building's design, they say investors are fleeing their fast-growing, crime-plagued neighborhood that was once "the heart of Oakland."

"They're determined to keep this place a ghetto and to keep blacks away from the hills," said neighborhood realtor Barbara Hoke.

Neighborhood groups have been protesting the Lagunita Terrace project since October 1991, citing crime, overcrowding, traffic and aesthetic problems in an area that increased its population by more than 75 percent in the 1980s.

"We have three halfway houses, alcohol and dope rehabilitation centers with walking zombies," said longtime resident Chris Clark. "Who would move into a place like (Lagunita Terrace)

and have a job?"

Gwen Carr, principal of Garfield elementary school, said her 700-capacity school is already struggling to absorb 1,260 students.

Neighbors also complain that the 26-unit building, according to architectural plans, does not fit in with the neighborhood's Victorians, Queen Anne cottages and California bungalow-style homes.

However, the Oakland Plan-

# housing project

ning Commission on Wednesday rejected an appeal filed by the San Antonio Community Development Corp. to stop the project. Their decision cannot be appealed to the city council.

"God spoke, that was it," said Gerry Adams, president of the San Antonio Community Development Corporation.

Planning Commission member Peter Smith voted against

the project. Other members could not be reached.

"We need more housing in this city, but we don't need massive and bulky housing," Smith said.

Neighborhood activists say they will continue to protest the project, which is still awaiting a building permit.

"We're not going to let it happen even if it means laying down in front of the bulldozers," said Adams. "We're one solid fist."



# Granny Goose adding markets

FEB 11 1996

By Michael A. Robinson  
STAFF WRITER

**S**IX months after rescuing Granny Goose Foods Inc. from failure, entrepreneur Keith Kim says he will soon add a third shift at the company's east Oakland plant with about 80 additional workers as part of an ambitious plan to enter the lucrative southern California market.

In a recent interview in his second-floor office where Kim has business plan software he hasn't had time to install, the former real estate executive said Granny Goose is about to double its sales of potato chips and other snack foods.

Kim, 33, said the company's fortunes brightened enormously a week ago when arch-rival Anheuser-Busch confirmed it will close its Eagle Snacks line because the St. Louis brewer could not find a buyer for the loss-ridden subsidiary.

"I'm not crying about it," Kim said, beaming in obvious delight. "It was the best thing that could have happened to this company. If we don't step in, somebody else will."

## Could double market

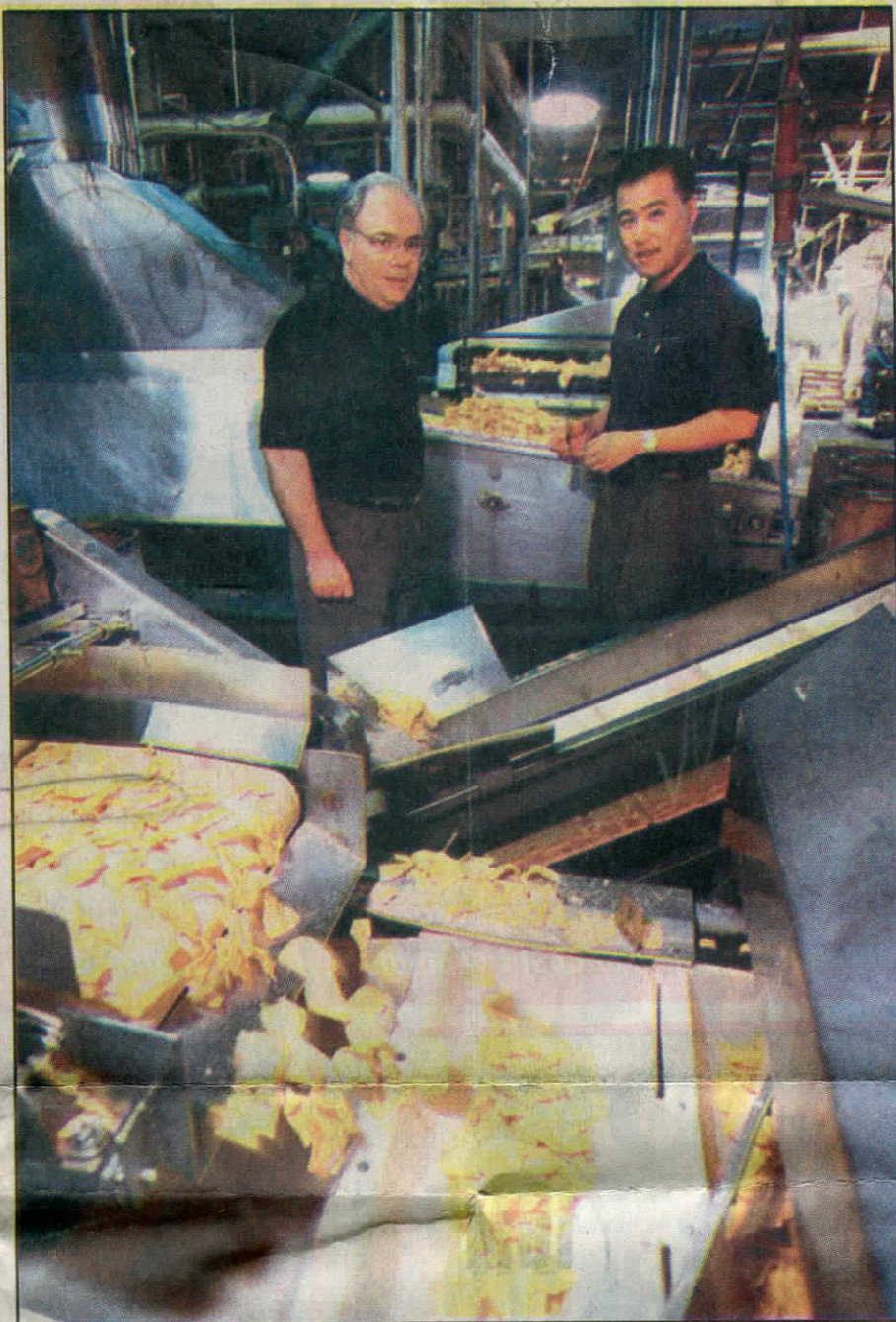
Now, Kim said, Granny Goose could double its share of the Northern California market to 20 percent from the current 10 percent. Much of the difference represents Eagle's 15 market share, Kim said.

Kim said he had no idea Eagle would fold when he decided last year to put together a team to save the company and more than 400 blue-collar jobs. But he said given the market's highly competitive condition, he had a hunch Granny Goose would get some kind of break.

"We did a thorough study of the company and the market," added Jack Doty, Granny's Goose's chief financial officer. "We came in with a certain amount of confidence."

Meantime, Granny Goose is gearing up to enter the highly populous Southern California market, also in place of Eagle Snacks. Kim said the company eventually would have entered the region but needs to do so now to take advantage of the shelf space left by Eagle's demise.

## 24-hour operation



LAURA A. ODA — Staff

Keith Kim, right, and Jack Doty have brought Granny Goose out of the red.

other snacks through local distributors with whom it already has relationships.

Although the company still wants to step up its small presence in a few Asian markets, Kim said he intends to concentrate first on California with the goal of becoming the top independent snack line in the nation's most populous state.

With that in mind, he has revised his two-year goal of \$150 million in annual sales by more than 60 percent to \$250 million. Kim estimated Granny Goose's revenues at \$50 million for fiscal 1996, which ends in March, down from fiscal 1995 revenue of \$77 million.

## Challenging Frito Lay

Kim's growth plan is considered highly ambitious in light of expected competition from industry giant Frito Lay. A unit of PepsiCo, Frito Lay bought four of Eagle's five snack plants, and is a

## GRANNY GOOSE AT A GLANCE

- **Chairman/CEO:** Keith Kim
- **Headquarters:** Oakland
- **Workforce:** 468
- **Founded:** 1947
- **Business:** Potato and tortilla chips, snack food distribution
- **Fiscal 1995 sales:** \$77 million.
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down the street,' the mom and pop



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Granny Goose could be in the entire Southern California market by March 18, when Eagle is scheduled to exit. Kim said adding the required third shift would mean a 24-hour operation and would bring total employment to roughly 550 from the current 468.

He said he has not yet decided if Granny Goose will have its own warehouse and delivery system there or if the company will ship its potato chips and

other snacks through local distributors with whom it already has relationships.

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George Kress, an analyst with Argus Research in New York, said taking on Frito Lay represents a major challenge for any regional player.

"Frito Lay has tremendous market share," Kress said. "They have a fantastic distribution system, both in the grocery stores and what is called 'up and

down the street,' the mom and pop stores, the convenience stores."

Frito Lay had 12 percent of the nation's \$60 billion market for such snacks as chips, dips, pretzels, and nuts in 1994, the company said. But its share of the \$7 billion segment known as snack chips totalled more than 50 percent, Frito Lay said.

"The tough thing for a small regional

LAURA A. ODA — Staff

Keith Kim, right, and Jack Doty have brought Granny Goose out of the red.

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Please see **Chips**, C-2



player is that Frito's got such clout," Kress added. "A regional player can make money if they have a unique product that fills a niche. If they truly differentiate themselves, there is a niche but it going to be tough to maintain."

If Kim's Southern California foray succeeds, it would represent a startling turnaround for the 48-year company that has lost millions in each of the last several years.

Kim rescued the plant from certain failure last July with the help of union workers who agreed to 19 percent wage cuts. He also fired 40

percent of the managers and received a five-year, \$2.25 million loan from the city of Oakland, backed by Granny Goose's land.

So, the transformation also would represent a major achievement for Oakland's municipal government, whose leaders face criticism for a recent string of city-backed economic development initiatives.

Oakland City Councilmember Ignacio De La Fuente, who helped put together the Granny Goose rescue plan, said the company has a great opportunity for success. That accomplishment would serve to rebuff critics who said the city shouldn't have taken such a risk with Granny Goose.

## Kim's hope for success

The plan also drew fire because Kim, a veteran real estate investor, had relatively little experience with consumer products. But De La Fuente said he felt Doty, the chief financial officer who is several years older than Kim, had the requisite experience and financial acumen to keep the company on solid footing.

"Kerth Kim has been smart enough to hire people who know the business," De La Fuente said. "I told him 'You have to be aggressive in cutting costs, you have to be willing to work with the union, and you have to have people around you who have the skills you lack.' Obviously, it is working."

# Maybe chips not down yet for company

TUE MAY 23 1995

By Michael A. Robinson  
STAFF WRITER

OAKLAND — City officials are talking to a possible buyer for potato-chip maker Granny Goose Foods as part of a potential deal that could save nearly 400 Oakland jobs, sources said Monday.

Sources close to the negotiations said city officials have been talking for about three weeks with entrepreneur Keith Kim, who raised his profile last year when he saved Merritt Restaurant and Bakery from going under.

Under terms of the proposed deal, Kim would provide several million dollars to operate Granny Goose. The company is scheduled to close in mid-June if no buyer is found.

In exchange, Kim is asking the city to provide loans or loan guarantees totaling \$5 million, sources said. Kim was not available for comment.

Though only 33, Kim is an experienced businessman. He owns Van Keith & Co., an Oakland real estate development and investment enterprise, and a related building concern, the Orinda Construction Co.

When he purchased struggling Merritt Restaurant in April 1994, he said the bakery was well-known, adding that he considered name recognition a major asset. That presumably would hold true in a deal involving Granny Goose, a landmark Oakland institution.

Operating out of a plant at 930 98th Ave., the company produces potato chips and other snacks for the Granny Goose, Laura Scudder's and Bell brands.

The proposed purchase is scheduled for City Council consideration today in an executive session closed to the public. Sources suggested some council members might balk at the scope of the city's involvement.

"All I can tell you is we are talking with a potential buyer," said Ignacio De La Fuente, who chairs the City Council's committee on economic development.

"We want to put together a financial package that makes sense and that saves Granny Goose and 400 jobs."

Founded in 1948, Granny Goose is the city's largest remaining industrial employer. The company has roughly 350 production jobs in Oakland, plus support staff.

The company also employs distribution drivers, who deliver products throughout Northern California. Though not all of the drivers are based in Oakland, they would be part of any deal, sources said.

Kim is apparently comfortable employing union workers. After the purchase of Merritt Restaurant, he signed a three-year union contract for more than 60 workers.

He also said he may hire as many as 200 workers in the next five or six years as he expands Merritt's operations by opening several satellite stores.

# Workers offer cuts to save Granny Goose

THU MAY 25 1995

By Craig Staats  
STAFF WRITER

*Kim, Keith*

OAKLAND — In a last-ditch attempt to save their jobs, Granny Goose Foods workers have agreed to accept up to a 30 percent cut in pay and fringe benefits to keep the threatened East Oakland potato chip plant open.

The employees' pay concessions, announced Wednesday, are one part of a tentative deal in which Oakland entrepreneur Keith Kim would

purchase the plant at 930 98th Ave. and keep it operating. Granny Goose has announced it will shut down by mid-June.

However, Oakland city leaders have balked at another ingredient in the plan: Kim's request for a \$5 million city loan to complete the purchase. Instead, the City Council this week asked its staff to continue negotiating with Kim and Granny Goose's parent firm, GF Industries.

Under terms of the proposed package, Kim would slash about 40 percent of the company's

110 managers and reduce administrative staff as well, sources said.

Kim also would all but eliminate the company's fleet of 30 corporate cars. The cars have come to symbolize high management costs at Granny Goose, which has lost millions in each of the last four years and is expected to lose between \$8 million and \$12 million this year.

Jim Rinehart, the city's economic devel-

Please see **Granny**, A-11

amount of the loan, the amount of collateral that Kim brings to the

Kim to keep the jobs and keep the

Kim, 33, stepped forward



...director, said the council asked for more negotiations during a closed-door, executive session Tuesday night. Rinehart would not elaborate on the sticking points in the proposed deal, and Kim could not be reached for comment.

City Hall sources, however, said council members resisted the proposed \$5 million loan to Kim because they are concerned about the amount of the loan, the amount of collateral that Kim brings to the deal and Kim's lack of experience at running a snack food plant.

"That's too much money," one source told The Tribune. "We don't have it. The main concern is the council doesn't want to be the only one with money in the deal."

Others, however, said they be-

lieve that Kim, the unions, the city and GF Industries still can cut a deal to keep the plant opening under Kim's ownership, particularly with the unions' willingness to accept pay cuts. If it works, the plan would save an estimated 400 jobs.

Councilmember Dezie Woods-Jones (Elmhurst-East Oakland Hills), who represents the area, said the pay concessions are important.

"The unions seem to be working extremely cooperatively with Mr. Kim to keep the jobs and keep the plant operating," Woods-Jones said. "It's certainly a major contributor to moving the deal forward."

Councilmember Ignacio De La Fuente (San Antonio-Fruitvale), who met with union leaders over the weekend, said the proposed union concessions would range from 25 percent to 30 percent in pay and

benefits. There would be no change in pension benefits, however, and the parties also are discussing a profit-sharing arrangement, said De La Fuente, a union organizer.

The idea is to reduce workers' base pay, but provide incentives to drivers and production workers so if the plant sells more snacks, employees would share in its success. Both unions have tentatively accepted the concept, De La Fuente said.

Kim, 33, stepped forward last year to take over the Merritt Restaurant and Bakery when it also was in danger of closing. Kim owns Van Keith & Co., an Oakland real estate and investment firm, and the Orinda Construction Co.

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Staff writer Michael Robinson contributed to this report.



# Granny Goose delays closing

KIK, KELTH

SAT JUN 10 1995

**By Michael A. Robinson  
and Craig Staats**

STAFF WRITERS

OAKLAND — The parent company of potato chip maker Granny Goose said Friday it has decided to operate the aging East Oakland plant for at least another six weeks, keeping 400 workers temporarily employed.

G.F. Industries Inc. was scheduled to close the landmark East Oakland plant on Monday but has pushed back the deadline to give three competing investment groups time to work out the final details of their offers, a spokesman said.

Faced with these serious offers, G.F. Industries decided to extend the deadline for closing the plant to July 21, spokesman Sam Singer said.

After searching unsuccessfully for a buyer for several months, the company decided in April it had no choice but to close the plant that has produced potato chips and other snacks for the past 47 years.

"Granny Goose believes that the three bidders each have a good opportunity at making a purchase," Singer said. "We want to give them time to work their details out in

Please see **Plant**, A-8

# wants to save jobs

Continued from A-1

order to keep Granny alive."

One of those bidders is Oakland entrepreneur Keith Kim, who earlier saved the Merritt Restaurant and Bakery from closing.

Kim originally asked the City Council to loan him \$5 million to buy Granny Goose, but that figure has been scaled back and is still under discussion.

Kim also is proposing to give workers profit-sharing in exchange for union contract concessions of up to 30 percent in wages and benefits.

He also would sell most of the fleet of corporate cars and would fire nearly 40 percent of the plant's 110 managers.

Meanwhile, a Bay Area investment group competing with Kim on Friday criticized the city's involvement in the Granny Goose negotiations.

Private enterprise can rescue the plant and save the roughly 400 Oakland jobs without a dime of city funds, San Francisco attorney Dennis Babbitts said.

Babbitts refused to identify the investment group he represents but said the principals include several experienced food industry executives who could operate the plant more efficiently.

Babbitts said the group would buy Granny Goose entirely with private funds and would invest \$12 to \$15 million in the company's rebirth.

"We think it is a terrific brand and has a great deal of customer loyalty," Babbitts said. "Properly managed, it can be profitable."

"But we don't need any of the city's money. I don't know what the City Council's motivations are. I don't think the Kim proposal makes any business sense."

In response, Jim Rinehart, the city's economic development chief, discounted the contention that Oakland officials are more interested in politics than economics.

Oakland officials are working on the deal because they want to save manufacturing jobs, Rinehart said.

"Clearly, the interests of a viable investor that did not need city money and could preserve those positions would be preferable to the city," Rinehart said.

But City Councilmember Ignacio De La Fuente (San Antonio-Fruitvale) said "our goal is to save those union jobs. I have talked to no group that says they can do it without city help."

De La Fuente also is an international representative with the Glass Molders, Pottery, Plastics and Allied Workers union.

He said he and City Councilmember Dezie Woods-Jones (Elmhurst-East Oakland hills) spoke last week with a Switzerland-based group interested in the plant, but those investors also need some city funds.

Meantime, De La Fuente said, the city continues to talk with Kim, who has shown a willingness to work with union members. A deal with Kim "is very, very close to completion," De La Fuente said.

Babbitts said the principals in his group confirmed their private financing Friday. He did not disclose the amount but said it is a combination of debt and stock sold to private investors.

The lawyer, also a principal in the group, questioned the need for municipal money, saying Granny Goose has real estate and other assets that serve as collateral for loans.

He said his group is prepared to close the sale in a matter of weeks

and has put together a comprehensive 13-page turnaround plan.

He said the investors could save just as many production and related jobs as Kim is proposing.

However, the principals have not yet decided what to do about the Granny Goose fleet of 200 delivery trucks.

The new company could replace the union drivers with independent owner-operators, could eliminate the jobs by signing a contract with a delivery company or may asked the workers to accept substantial pay cuts.

Other cost savings would include closing most of the more than a dozen Granny Goose warehouses, reducing the number to three.

That move alone would save more than \$1 million a year.

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**Dennis Babbitts**

attorney representing a Bay Area investment group



# Council OKs loan for Goose buyout

WED JUN 21 1995

By David R. Berkowitz  
and David K. Li

STAFF WRITERS

OAKLAND — Bakery owner Keith Kim won a \$2.25 million loan commitment from the city Tuesday to buy the ailing Granny Goose potato chip factory, even though the plant's owners say they won't sell to him.

G.F. Industries Inc., which owns Granny Goose Foods Inc., said it notified council members last week that Kim was eliminated as a potential buyer because he lacked the money and expertise to keep the operation afloat after a sale and would not assume enough of the plant's hefty debt.

Instead, the company urged the city to support another suitor, Curran Management Co., which has asked the city to contribute \$3 million to the project.

City Hall sources, though, said they think G.F. Industries' stance may be a ploy to gain an upper hand in talks with Kim. And council members said they didn't learn of Curran's loan application until Monday and there wasn't time to probe the group's financial qualifications.

G.F. Industries put the East Oakland plant up for sale in January but Curran only stepped forward with a serious bid in late May.

Two potential buyers now remain: Curran, a Swiss company with ties to a South African financier, and a Bay Area investment group of venture capitalists.

Little is known about Curran's background. But Costa John, a partner in the group, said it includes financier Roman Szymonowicz, the chairman of Associated Automated Distributors in South Africa, who is credited with salvaging the struggling Land Rover sport utility vehicle operation in that country.

Both suitors say they'll do their best to save Granny Goose and reverse six years of steady losses, but they won't guarantee that all of the plant's 350 to 400 workers will keep their jobs.

Sam Singer, a spokesman for Granny Goose, said time is ticking away, and G.F. Industries will likely select a buyer before the end of the week.

The plant is scheduled to close by July 21 if no buyer is identified.

Kim could not be reached for comment.

cessfully salvaged another landmark Oakland business, the Merritt Restaurant and Bakery.

His close dealings with four labor unions representing line workers and drivers at the plant also won him support, particularly from Councilmember Ignacio De La Fuente, a labor activist.

"This is going to happen because of the city money and because they've (Kim's negotiators) already been talking to the unions," said De La Fuente (San Antonio-Fruitvale), who insists that Kim is still a viable bidder.

Kim's plan for turning around Granny Goose, which lost \$12 million last year, included a proposal for the unions to accept wage and benefits cuts of up to 30 percent in exchange for a future ownership stake in the plant.

He planned to take the \$2.25 million loan and then inject another \$2.2 million to complete the purchase and renovate the plant, according to a city report.

Kim also would trim some of the 110 managers at Granny Goose and eliminate most of its fleet of 30 corporate cars.

Within 30 days of buying all stock in Granny Goose and assuming the plant's debt, he planned to invest another \$400,000, bringing his total investment to \$4.85 million, city staff members said.

City and union officials liked the sound of that, but G.F. Industries and competing buyers doubted it would be enough to help Granny Goose survive.

"I know what (Kim) proposes to do, and it's not a plan," said Dennis Babbitts, a San Francisco attorney who is part of the group of Bay Area venture capitalists bidding for Granny Goose. "We understand the operation and have a detailed turnaround plan for it."

Babbitts said Kim's plan would eliminate some small expenses but wouldn't help the potato chip plant survive against mega-firms, such as Frito Lay Inc., in the cutthroat snack food industry.

Without being specific, he said his five-member group is offering to buy the plant's assets, which means it won't assume its debt and will have to pay G.F. Industries a sum of cash or stock for its trademarks, equipment and property.

Unlike Kim and the Curran group, Babbitts said his investors

week.

The plant is scheduled to close by July 21 if no buyer is identified.

Kim could not be reached for comment.

The council's economic development committee voted 3-0 with one abstention Tuesday morning to recommend a loan to Kim. The full council later approved the loan with no debate.

By supporting Kim over other bidders for Granny Goose, the council appeared to be cutting off any competing loan applications.

That means Curran's offer to assume the plant's debt and inject \$1.5 million into it to keep it running could be dead in a matter of days.

Councilmember Dick Spees (Montclair-Laurel), in abstaining on the issue, questioned the logic of ignoring other suitors who might be able to keep the plant from closing.

"Why not keep our options open?" Spees asked.

Council members like Kim, in part, because the 33-year-old entrepreneur took city financing and suc-

have to pay G.F. Industries a sum of cash or stock for its trademarks, equipment and property.

Unlike Kim and the Curran group, Babbitts said his investors aren't seeking city financing or union support for their deal. He said they haven't even spoken with union officials.

"Our plan, when we take it over, would be to have dialogue with the unions to see if there's a viable option," Babbitts said. "I think the union is realistic enough to know that there would have to be some concessions if there is going to be a collective bargaining agreement."

Babbitts said his group stands a strong chance of buying Granny Goose because it has its private financing in place.

But he fears the city's \$2.25 million loan commitment may raise the stakes in the bidding war for Granny Goose by bringing a third party back to the table.

The more parties, the higher the bid each suitor must make, he said.

"It's now a question of who has the upper hand," Babbitts said.



# Oakland's Goose

SAT JUL 15 1995

## Officials outline new rescue plans

By David R. Berkowitz  
STAFF WRITER

OAKLAND

**T**HE plan to rescue Granny Goose Foods Inc. and its 490 workers includes downplaying the potato chip company's Laura Scudder's product line and establishing a larger Pacific Rim presence for its salted snacks.

More details of prospective buyer Keith Kim's strategy for the Oakland landmark dribbled out Friday during a hastily called news conference in which city leaders cheered their second economic coup in as many months.

Thanks to a \$2.6 million loan pledge from the city, Oakland officials said Kim, owner of Merritt Restaurant and Bakery, is expected to take over the chip factory next Thursday, a title transfer that should save hundreds of jobs.

Current plant owner G.F. Industries Inc. of San Mateo has said it would close the struggling operation on that day — barring any deal to sell, but has tentatively agreed to sell the plant to Kim.

The gathering of city officials, which included Mayor Elihu Harris and councilmembers Ignacio De La Fuente, San Antonio-Fruitvale, and Dezie Woods-Jones, Elmhurst-East Oakland Hills, was similar to one last month in which they hailed the return of the Oakland Raiders.

City leaders were quick to point out that both deals had a lot in common.

"People who normally accuse the city of Oakland of not being very aggressive on business retention (should know) that this was a very difficult process," said De La Fuente. "This is another example, on top of the Raiders deal, of how we're moving toward economic revitalization."

Kim, 33, will become the new owner of the 47-year-old plant if he can produce the \$3 million he promised to buy it — \$500,000 of his own money — plus the \$2.6 million loan the city pledged to the bailout effort.

If the money isn't there to pay off creditors by Thursday, G.F. Industries will close the plant, according to company spokesman Sam Singer.



RON RIESTERER — Staff

**Granting a reprieve to Granny Goose are, from left, Mayor Elihu Harris, Dezie Woods-Jones, Keith Kim and Ignacio De La Fuente.**

Kim says that wouldn't doom his buyout effort, but it would complicate matters because G.F. could start liquidating Granny Goose assets or put it into bankruptcy protection.

Nevertheless, he's confident that all will go smoothly.

After the sale, Kim will be chief executive officer and Jack E. Doty, a San Francisco financial consultant, will become chief financial officer.

Kim pledged to reduce costs at the factory by 20 percent in an effort to avoid the \$5 million to \$6 million in losses that Granny Goose was suffering through most of the 1990s.

About 30 of the factory's 110 managers in Northern California were laid off by Granny Goose Friday, said Kim, whose goal is to reduce the executive force by about 40 percent.

Many of the fired managers were participants in a competing, leveraged buyout plan for Granny Goose that would not have involved a labor union, Kim acknowledged.

Future work force cuts also are possible, but Kim said he hopes to make those through attrition.

Late Thursday, the plant's workers, represented by the International Brotherhood of Teamsters Local 78 in Hayward, ratified a five-year agreement with

Kim that calls for 19 percent pay cuts, but protects their pension plans.

Kim said that with the pensions and other benefits in place, workers will have some incentive to seek early retirement.

He also won concessions from Granny's Northern California drivers, represented by Teamsters Local 296 in San Jose, who voted 129-51 for a straight-commission pay schedule to help cut costs.

Kim told employees he'll design a profit-sharing plan to pay them back.

"We're not expecting you to take the downside," he said. "We will share the upside with you as well."

By reducing costs, Kim said he hopes to find more shelf space for Granny Goose products with high volume retailers, such as Price/Costco.

He also plans to build up the Granny Goose name and downplay — and possibly phase out — the respected Laura Scudder's brand that the company acquired in the late 1980s.

More significantly, though, Kim used his Asian connections to build a network of Pacific Rim exporters and investors who will push Granny Goose products in Korea, Taiwan, Singapore, China, Vietnam, the Philippines and Japan.



# Granny's Goose not cooked: Bakery owner may triumph

WED JUN 28 1995

By **David R. Berkowitz**  
and **David K. Li**  
STAFF WRITERS

OAKLAND — A week after he was ruled out as a possible buyer for the endangered Granny Goose Foods Inc., bakery owner Keith Kim is back in the race to save the 400-worker potato chip factory.

Kim, who received a \$2.25 million loan commitment from the city last week, sweetened his offer and now has a strong chance to take over the factory, said Sam Singer, a spokesman for plant owner G.F. Industries Inc.

Details were not immediately available.

Kim's return as a serious bidder for Granny Goose led another suitor, Curran Management Group Ltd. of Switzerland, to withdraw its offer on Tuesday, Singer said.

Curran needed a \$3 million loan from the city to finance its deal, but the city's support of Kim last week appeared to rule out that possibility.

Costa John, an East Bay financier who organized Curran's buyout effort, declined to say why he told

his investors to withdraw their offer.

Two potential buyers now remain for Granny Goose.

Kim, owner of Merritt Restaurant and Bakery in Oakland, has been working with city staff and union officials on a plan to streamline costs at the plant by trimming wages, benefits and expenses.

The second buyer is a group consisting of plant managers and outside investors who would purchase Granny Goose through a leveraged buyout, sources close to the negotiations said.

Kim and Dennis Babbitts, an attorney involved with the management group, could not be reached for comment late Tuesday.

Singer said G.F. Industries, the parent company of Granny Goose, is attempting to sell the firm to a buyer who will pay off or assume its debt, make a long-term commitment to run the company and protect as many jobs as possible.

G.F. Industries has said it will close the plant on July 21 if no buyer is identified.

# Officials, negotiators expect deal to be completed today

By Michael Robinson  
STAFF WRITER

OAKLAND — A proposal to sell the aging Granny Goose potato chip plant to an Oakland entrepreneur ran into a last-minute bureaucratic delay, but city leaders and company officials said Thursday they expect the deal to go through today.

Local bakery owner Keith Kim now has until 5 p.m. today to put together a package to purchase the 47-year-old plant in East Oakland, Granny Goose spokesman Sam Singer said.

The City Council will hold a special meeting to discuss the deal this morning. It is expected to approve a \$2.25 million bridge loan Kim needs to buy the plant and save 400 jobs, city officials said.

Kim, 33, had faced a Thursday morning deadline for completing the deal.

If Granny Goose officials don't seal the deal today they will close the plant, but Singer said he doubts it will shut down.

"We want to see this deal happen," Singer said. "We are still optimistic the Granny Goose story will have a happy ending."

The deal fell through at the last minute because the city of Oakland could not provide Kim with the \$2.25 million it had pledged to loan the entrepreneur, Councilmember Ignacio De La Fuente (San Antonio-Fruitvale) confirmed.

De La Fuente discounted the delay as a small technical matter involving bureaucratic boundaries. He explained the city will use federal urban redevelopment money for the Granny Goose deal. However, the city cannot get those funds for the next three to four weeks, De La Fuente said.

Singer said that is far longer than Granny Goose officials can wait. He said the San Mateo company that owns Granny Goose needs Kim's cash to pay off creditors. The company already extended its original deadline for closing the plant by more than six weeks to negotiate the sale.

To ensure the sale goes through, the city will likely use surplus housing funds or money from the capital improvement budget on a temporary basis, De La Fuente said.

Kim's rescue plan includes a 19 percent pay cut for plant workers, who approved the concession last week.



# City chips in \$2.25 million to save Granny

SAT JUL 22 1995

By Michael A. Robinson  
STAFF WRITER

OAKLAND — In a bid to save union jobs and improve the city's business climate, the City Council Friday approved a temporary \$2.25 million loan to a local bakery owner who needs the money to purchase the failing Granny Goose snack plant.

And after meeting with representatives of entrepreneur Keith Kim for much of the day, Granny Goose officials decided to extend the deadline for closing the plant to July 28, union officials said.

That decision marks the second time

Granny Goose officials have extended the deadline for closing the plant to accommodate a buyer. Granny Goose had extended the deadline to Friday and told Kim to complete the purchase by 5 p.m.

However, those close to the talks said officials for both sides needed additional time to finish all the complex arrangements, which includes scrutinizing legal documents and closing escrow on the sale.

Jack Sweeney, a Teamsters official who represents plant members, said he viewed the latest extension as a positive sign Kim will buy the money-losing plant in East Oakland, restructure operations and save more

than 400 jobs.

"I have great confidence in Mr. Kim," said Sweeney, who chairs the negotiating committee that represents drivers-sales agents and warehouse workers. "Keith Kim has shown a lot of energy."

Sweeney said his members recently voted 129-51 in favor of a proposal to cut wages for plant workers and commissions for drivers-sales agents. The drivers, who not only deliver the company's snack foods but also sell the products, will now have a weekly base pay of \$350, a \$110 cut.

However, the drivers will have bigger routes that give them the chance to earn

higher commissions in addition to a proposed profit-sharing plan, to be negotiated later, Sweeney said.

"Some people are pretty skeptical of the thing," Sweeney acknowledged. "They aren't sure it is going to work. I hope they hang in there and show a good team effort. This the best chance they have. It is the only chance they have at this point."

Plant workers have approved a 19 percent cut from an average pay of \$12 an hour and also will receive profit sharing in exchange for the sacrifice, union and city officials said.

Kim, 33, received a crucial show of sup-

# Save Granny Goose

higher commissions in addition to a proposed profit-sharing plan, to be negotiated later, Sweeney said.

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Plant workers have approved a 19 percent cut from an average pay of \$12 an hour and also will receive profit sharing in exchange for the sacrifice, union and city officials said.

Kim, 33, received a crucial show of sup-

port earlier Friday when council members voted 6-0 with three absent to give the entrepreneur a short-term loan. Without that loan, Kim cannot buy the 47-year-old plant.

Council Member Ignacio De La Fuente (San Antonio-Fruitvale) said the council decided to use city redevelopment agency funds for the Kim loan, which is designed to last three weeks.

After that loan expires, the city will use federal urban redevelopment funds over which it has control to make a longer-term loan. As collateral for the loan, the city will receive title to three of seven parcels at the Granny Goose plan, De La Fuente said.

WED JUL 26 1995

# Saving 400 jobs at Granny 'done deal'

By David R. Berkowitz  
STAFF WRITER

OAKLAND — The sale of Granny Goose Foods Inc. was all but completed late Tuesday, saving the troubled potato chip factory from a threatened closure and averting the layoff of nearly 400 workers.

"It's a done deal," declared Sam Singer, spokesman for the seller, G.F. Industries Inc. of San Mateo. "It's a new day for Granny Goose."

The new owner, local bakery operator and real estate developer Keith J. Kim, could not be reached for comment.

Singer said Kim, 33, bought the business for an estimated \$5.25 million Tuesday with the help of a \$2.25 million secured loan from the city of Oakland.

Most of the purchase price will pay off the plant's massive debt, but Kim has also pledged to invest about \$1 million in continuing operations.

Representatives of G.F. Industries said competitive pressures would force it to close the 47-year-old East Oakland plant and fire all of its workers this month if the factory was not sold.

The deal was nearly completed last week, but City Council members learned it would take three or four weeks to receive federal urban redevelopment funding, which is needed to finance Kim's deal.

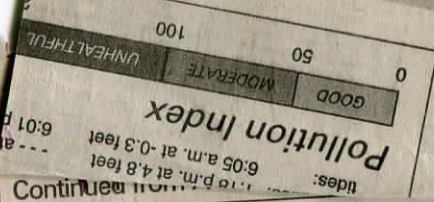
To overcome the temporary shortfall, the city on Tuesday provided Kim with a short-term "bridge" loan, which will be repaid when the federal funds arrive.

The deal is expected to close escrow this morning.

"G.F. Industries did its best to keep Granny Goose running for a long time," Singer said. "Now it's up to Mr. Kim, the city of Oakland and the unions to ensure that

Please see **Granny**, A-7





Granny Goose has a strong, successful future."

Kim, a real estate developer who also saved the struggling Merritt Restaurant & Bakery from closure, will be chief executive officer at Granny Goose.

His turnaround plan for Granny

## per saves his second food firm

calls for deep cuts in management, streamlining distribution operations and lowering wages and benefits.

Two unions representing workers and drivers at the plant agreed last week to accept a 19 percent salary cut on an average wage of \$12 an hour, in exchange for a future stake in the company.

Union members recently voted 129 to 51 in favor of a proposal to cut wages for plant workers and commissions for drivers-sales agents.

The drivers, who not only deliver the company's snack foods but also sell the products, will now have a weekly base pay of \$350, a \$110 cut.

Kim has said he will refocus the plant's product line to emphasize its Granny Goose potato chips and play down its Laura Scudder's snack food brand.

He also plans to use his contacts in the import-export trade to expand Granny Goose product sales in several Pacific Rim nations, including Taiwan, Korea and Vietnam.

# Merritt Restaurant takes a breather

FRI AUG 11 1995

By Annalisa Galvan  
and David K. Li

STAFF WRITERS

OAKLAND — Owners of Merritt Restaurant & Bakery abruptly closed part of their historic diner this week, but outlined tentative plans to reopen the restaurant under new management.

Eight employees lost their jobs after the restaurant was shut down at the end of the Wednesday night shift, union representatives said. Merritt's bakery and a take-out operation are still open.

## Survived closure a year ago

The landmark restaurant nearly closed last year when the former owner, Walter Harmon, decided he wanted to get out of the restaurant business. Longtime customers and city officials rallied 'round, anxious to save the 40-year-old restaurant's famous fried chicken and friendly service.

Within a couple of weeks, local real estate developer Keith J. Kim announced he would buy the restaurant and expand it.

Kim himself managed the restaurant and bakery until July, when his brother, Hahn Kim, became the general manager.

Keith Kim in July also took control of another failing Oakland business, the Granny Goose snack factory in East Oakland.

Closing the Merritt restaurant "is a decision made by me and the present management team," Hahn Kim said Thursday. "We just couldn't continue to take the loss."

## Protecting bakery

The bakery also may have gone under if owners had waited any longer to close the restaurant, Hahn Kim added.

"Had we not closed this, we would have jeopardized the whole bakery," he said. "This was something that had to be done to save the bakery and to-go bar."

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Please see **Restaurant**, A-9



**Pollution Index**  
 High tides: 12:49 a.m. at 6.2 feet  
 Low tides: 7:00 a.m. at -0.5 feet  
 7:21 p  
 1:58 p  
**SATURDAY, AUG 12**  
 High tides: 1:20 p.m. at 5.6 feet  
 Low tides: 6:19 a.m. at -0.8 feet  
 6:30 p  
 --- at  
**FRIDAY, AUG 11**

# in a month

Continued from A-1

City Councilmember Ignacio De La Fuente (San Antonio-Fruitvale), who helped broker the deal with Keith Kim and former owner Harmon last year, said he was assured Thursday that the Kims will reopen the restaurant within the month.

The brothers plan to bring in new managers to help them with the restaurant operation, De La Fuente said.

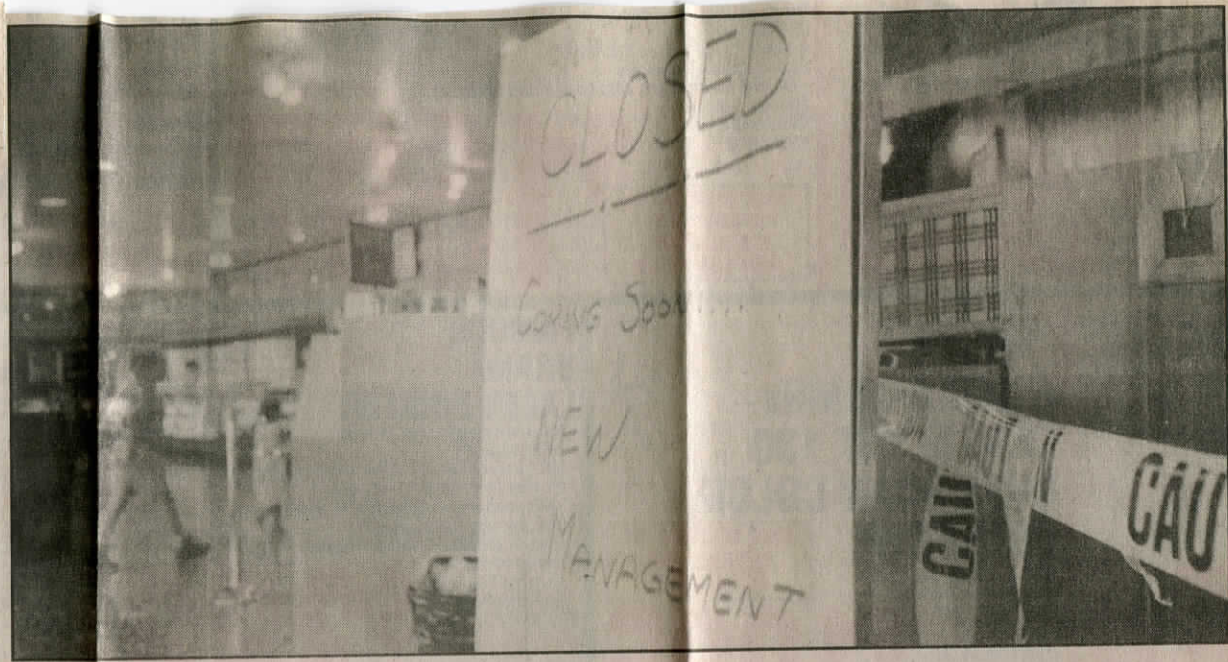
In a separate deal in late July, Keith Kim received a \$2.25 million city loan to help buy the Granny Goose factory, which was within weeks of shutting down.

"He's regrouping. Business plans change," said De La Fuente, chairman of the City Council's economic development committee. "He's not a professional restaurateur and he's going to bring in some people with the skills to run a restaurant better."

The Kims changed the restaurant's format on July 21. Instead of allowing customers to order from a server while seated at a table, the Kims required patrons to order and pay at the cashier before taking a table.

Although Hahn Kim said the new arrangement allowed him to reduce prices by 10 percent to 15 percent, customers apparently did not respond well.

"It's a place that drew older



CHESTER KING VEGA — Staff

## The Merritt Restaurant has closed down while the owners search for new management.

people and people from the neighborhood who needed the service," said Stephanie Ruby, representative for Hotel and Restaurant Employees Union Local 28, which represents Merritt workers. "People didn't want to wait five minutes in line, on crutches."

Hahn Kim said the format change did not force the closure.

"The restaurant did not close because of the new system. It was going to close before," he said. "The bottom line is, if we hadn't changed the system, the outcome would have been the same."

The unexpected layoffs angered workers and their union representatives. Union leaders negotiated concessions last year to save the bakery

and restaurant, gaining promises from Kim that the business would be expanded.

Union officials conceded Thursday that the layoffs are allowed under contract guidelines, but Local 28 President Jim DuPont said the sudden dismissals go against the spirit of cooperation forged last year.

"We got no warning of these layoffs," DuPont said. "I think it's outrageous."

Hahn Kim defended the layoffs, blaming mounting financial problems and panhandlers who occasionally assemble in the Merritt's parking lot, which, he said, discourages customers.

"I don't think there's anything

that says we have to employ (workers) for a loss," Hahn Kim said. "By the time you park your car and get to the door, you have three people asking you for money."

"It's a different customer that comes to a sit-down restaurant. They don't want to deal with panhandlers."

Customers were disappointed when they saw the closed restaurant. Longtime patron John Reid said he misses the restaurant's employees.

"The loyal ones had been here a long time," Reid said. "They're the ones that really got hurt."

Staff writer David Berkowitz contributed to this report.



# Pay cuts tarnish joy of Granny Goose deal

By David R. Berkowitz  
STAFF WRITER

OAKLAND — All of the talk behind the effort to save Granny Goose Foods, Inc. from closure has centered on 400 workers whose jobs were endangered.

But on the first day under new ownership, employees contacted Wednesday greeted word that the potato chip factory had been saved with a surprising mix of joy, skepticism and anger.

While the landmark business has been given a second stab at survival by new owner Keith Kim, the plant's unionized workers are paying a stiff price.

A typical worker making \$12 per hour, or \$480 per week, will see weekly income fall by nearly \$100, or about \$4,750 per year.

Andrew Rios of Livermore, a cook at the East Oakland plant for 18 years, says that's just too big a hit for him to sustain. He plans to look for another job.

"I might as well be unemployed," he said during a lunch break. "I'd get about the same amount of money."

"We had to give up a lot to keep it going," sighed Howard Wilson of Oakland, a cook at the plant for seven years.

But Kathryn Vincent of Alameda, a shipping and receiving clerk at the company for seven years was satisfied. "I'm relieved," she smiled. "It's been tough-going for a long time."

Without the union-approved, 19-percent wage concession, Kim couldn't have bought Granny Goose. It was the key ingredient in a larger cost-cutting recipe that Kim, 33, used to secure a \$2.25 million city loan to buy the business for \$5.25 million.

City officials said they expected some workers would not be able to afford the price of saving Granny

Please see **Cuts**, C-2



RON RIESTERER — Staff

**A 19-percent, union-approved wage concession helped Keith Kim secure a \$2.25 million city loan to buy the Granny Goose plant.**

"We'll see," answered Kim. "We have a tough battle ahead of us."



# is asked for sacrifices

cuts had to be made. There's no question about it, I would feel the same way as those workers if I were taking a reduction I couldn't afford," said Councilmember Ignacio De La Fuente (San Antonio-Fruitvale), a union activist who was instrumental in the deal to sell Granny. "It's a difficult sacrifice for everyone, but the alternative was obviously worse."

As an international representative with the Glass Molders, Pottery, Plastics and Allied Workers union, De La Fuente said he's watched 11 plants close in recent years.

Over 30 percent of those industrial laborers found jobs that paid well, he said. Some couldn't find work at all.

"Believe me, I hate for the workers to take a pay cut," De La Fuente said. "But I believe the sacrifice is worth the risk that they can put this company back into profitability."

Tomorrow, the plant's workers, who are represented by the International Brotherhood of Teamsters Local 78 in Hayward, are scheduled to consider a plan to also amend their benefits package.

Kim said Wednesday he hopes the workers will mull the idea of

making deeper benefits concessions in exchange for lower pay cuts. Initially, he proposed a 10 percent pay cut, but the union raised that to 19 percent to keep intact a pension plan for the plant's aging workers.

"Hopefully, they will understand what they did and reverse it," Kim said. "My position is that we asked for this just to keep us alive."

Nearly all of the plant's debt was repaid as part of the purchase completed Wednesday, Kim said. So, with the exception of loans used to buy it, Granny Goose is breaking even after posting \$5 million to \$6 million annual losses for six years.

He predicted the plant will be at full production on Monday, turning out about \$250,000 worth of salted snacks, such as potato chips and popcorn, each day.

From his office at the plant, Kim is convincing suppliers to resume shipments to the factory now that it's able to meet its bills. His sales staff is busy trying to return its products to the shelves at big-box retail outlets, such as Price/Costco, which once accounted for \$5 million of company sales.

He's also planning to increase exports of his products to Pacific Rim nations, such as Korea, Taiwan and Vietnam. And the plant could soon start producing snack foods for other companies.

Kim thinks his cost-cutting and marketing strategies will help Granny Goose reach profitability, perhaps within six months. But he acknowledged that every analysis suggests he'll face long odds. The company will have to fight Frito Lay Inc., owned by PepsiCo Inc., and Eagle Snacks, a division of Anheuser-Busch Co. And those snack food firms play hardball when it comes to keeping competitive products off store shelves, analysts say.

"There's a good chance that I may be throwing my money away," Kim said.

But if he succeeds, De La Fuente said the money workers sacrificed for the plant could come back to them — and then some. They are expected to get a profit-sharing plan or equity stake in exchange for their concessions.

Some of the plant's workers say it's worth it.

"There were those who stayed right to the end and will stick around, and then there are those who can't take the pressure and want out," said shipping worker Vincent, from Alameda.

Another smiling worker passed Kim in the hallway and, almost on cue, blurted out "Congratulations! We made it."

"We'll see," answered Kim. "We have a tough battle ahead of us."



# Lake Merritt restaurant just isn't the same anymore

TUE AUG 15 1995

**Y**OU could run into former mayors there. You could see community activists, politicos and health workers. Channel 2's Dennis Richmond used to be a regular. You could run into college presidents and ministers. In fact, you could run into whole congregations. You routinely ran into people you hadn't seen for years.

The Lake Merritt restaurant, with one of the best views of the lake, was Oakland's unofficial meeting place. It probably should have been given an official designation. It was quintessentially Oakland, a place where powerful leaders and average folks felt comfortable sitting next to each other.

It was where you could catch up on news that was personal or political. It was the place that kept scores of seniors well-fed and socially connected. Some people ate there every day. If you hadn't heard the news, you know it now. The Lake Merritt restaurant is closed. And this time it looks like it might be for good.

In April of last year a similarly gloomy prognosis was announced. The owner of the 40-year-old restaurant had decided to get out of the business. And Lake Merritt regulars were wondering where they would go to find that unique mixture of good food and easy com-



Brenda Payton

At the eleventh hour, Keith Kim came forward as a new owner. He pledged to keep the restaurant open.

But just 16 months later, Kim's brother, Hahn Kim, who had taken over the management, announced the family's plans to close the restaurant. He said the bakery and takeout bar will remain open.

## It wasn't the same

In truth, Kim never won over the regular customers. Complaints about service and the quality of the food started immediately. The familiar faces of longtime employees began to disappear. The place just wasn't the same. But then that's not so surprising. How could it be?

And now it looks like Lake Merritt will go the way of The Ice Creamery and so many other Oakland institutions we thought would always be here. The Kims have promised the restaurant will reopen under new management within a

month. Whatever it turns out to be, it won't be the old Lake Merritt.

If you had just come to town, the restaurant was one of the first places to go to get a feel for your new home. On Sundays, you might see one of the most fantastic shows of elaborate hats as people came in after church. Where else could you see a fashion show of hats? At the next table, you could see a group of runners who had just jogged the lake and were ready to replenish their carbs.

Once I overheard a conversation between two private detectives about the techniques of their trade. One of them caught a woman who was defrauding the state disability system, simply by observing her regular departure from her house in the morning. I also overheard a touching conversation between two elderly men who were saying they were relieved the holiday season was coming to an end because it reminded them of their loneliness.

Obviously, I had my own appreciation for the Lake Merritt restaurant. It was almost guaranteed to provide a column that highlighted the spirit of Oakland.

As I said, you could even run into a former mayor there, picking up his to-go order. It was a couple of years since he'd been mayor and Lionel Wilson looked fit and relaxed. In spite of our tumultuous relation-

ship during the years he was in office (I still miss those King Lionel columns), he seemed genuinely glad to see me.

## Still an attention-getter

We talked about how he was spending his time and about his assessment of the city's political leadership, in particular his successor, Elihu Harris. He said he frequently acted as an unofficial adviser and believed that Harris had important ideas for the city. A couple of customers recognized him and came up to shake his hand. You could tell he still enjoyed the attention.

That's the kind of interchange you could have at the Lake Merritt restaurant. The old Lake Merritt restaurant, that is. It was where you could catch up with old friends and new political gossip. It was a place that showed the diverse and easy-going face of Oakland.

And it's where you could get great raisin walnut French toast, strawberry shortcake and pancakes. Whatever business takes over the corner of the building at East 18th and Second Avenue, it won't fill the void left by the Lake Merritt restaurant.

*Brenda Payton's column appears in The Oakland Tribune on Tuesdays, Thursdays and Sundays.*



Granny Goose makes a cameo appearance at the company Christmas party Saturday and gives all the children there a big hug.

LAURA A. ODA — Staff

SUN DEC 17 1995

# New look, new taste for Granny Goose

By Jonathan Schorr  
STAFF WRITER

OAKLAND — With managers milling about in Dickensian dress to emphasize a new commitment to austerity, Granny Goose Foods took the opportunity of its Christmas party to announce new products, new hiring and a proud new bag for its snacks.

The new packaging, which features the basket-bearing and bonnetted goose much more prominently, could spell the end for the familiar Laura Scudder's line, which Granny Goose owns. Meanwhile, Granny is planning a foray into the world of bagels, nuts and

cookies, owner Keith J. Kim said.

The crumbling Oakland company was reborn in July, thanks to a \$2.25 million loan from the city and the intervention of Kim, a local real estate developer. On Saturday, Kim offered some good news during the party, held in a warehouse filled with corn meal and snack cartons.

Since September, he said, the company has been making money. The small profits — \$30,000 in September and \$8,000 in October — are "not great numbers," he admits, but they put him in the black.

"I wouldn't write home about it," he said. "But it beats the hell out of losing \$700,000 a

month," the situation when Kim took the company over in July.

Already, Kim is preparing to forge into uncharted snack territory as he negotiates with two bagel makers. He won't divulge who they are, but allows that one makes fluffy bagels while the other makes chewy ones.

He plans, too, to add dried fruits, nuts and cookies to the Goose's line, which currently is chip-centered.

While no new products would be made at his plant in the near future, adding bagels to the product line would mean about 50 new jobs

Please see **Goose**, C-2



## bagel line

Employees seemed to share, somewhat guardedly, in his optimism. "It's going good now," said Harold Wealthy Turley, 87, who has worked as a gardener at the plant for 17 years. "It's going to be prosperous. . . It's a new world."

Oscar Santos, 27, said he has heard similar sentiments in the four months he has worked for Granny repairing electronics.

"The people I've been talking to, they feel confident it's going to turn around," he said.

and shipping, scattered around the Bay Area, he said. He expects that hiring to take place in the next two to three months.

Kim also showed off racks of redesigned potato chip bags at the party, which pronounce the Goose "a Bay Area favorite since 1946."

"Granny is a great symbol," Kim said. "The previous management didn't (care). How do you market when you don't put your name on your package?"

Depending on public demand, production under the Laura Scudder's name will either diminish or vanish entirely after a couple of years. "If the retailers don't want it and the consumers don't want it, we certainly aren't going to produce it," Kim said.

And if demand for Granny's snacks picks up, as he hopes it will, the 98th Avenue facility could go from its current two shifts a day to a 24-hour operation. "That means significant new hires at the plant," he said.



sonnel

MAR 18 1998

➤ **Keith Kim**, chairman and chief executive officer of **Granny Goose Foods Inc.**, has been named

Businessman of the Year by the San Francisco Korean Chamber of Commerce.

The award recognizes Kim for saving jobs and supporting the regional economy by buying Granny Goose and Merritt Restaurant and Bakery in Oakland.

# Granny Goose has new savior

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Local bakery owner makes  
\$5.5 million offer for company

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**By Robert Salladay**  
STAFF WRITER

OAKLAND — Just a week before its scheduled extinction — and certain unemployment for 400 workers — Granny Goose Foods announced a deal Wednesday to sell its East Oakland factory to a 33-year-old local entrepreneur.

Bakery owner Keith Kim has eight days to seal the \$5.5 million agreement and save the 47-year-old factory. Two other proposals to buy the ailing company — from a Swiss management group and a team of San Francisco investors — died while Kim negotiated with the city of Oakland.

Kim, who last year bought and saved the fabled Merritt Restaurant and Bakery, remains the only hope for Granny Goose Foods and its workers.

"There is only one option," said Sam Singer, spokesman for parent company G.F. Industries Inc. "It's Kim, or Granny Goose is forced to close."

The Oakland City Council has already agreed to loan Kim between \$2.25 million and \$2.6 million, to be paid back over five years. Kim originally asked for \$5 million from the city. That figure was reduced after concerns about the amount of the loan and Kim's inexperience running a potato chip and snack-food company.

Kim has until 10 a.m. next Thursday to produce an additional \$3 million and sign cost-cutting agreements with the company's unions.

He has agreed to reduce costs by at least 20 percent in exchange for profit-sharing and stock options for employees, according to City Councilmember Ignacio De La Fuente (San Antonio-Fruitvale). Many of the cuts are still in negotiation, De La Fuente said.

"We believe we have a reasonable agreement," said Harry Walsh, president of Granny Goose. "This deal, if Mr. Kim is able to close it, should provide sufficient resources to protect ... our creditors and preserve Granny Goose."

Granny Goose, which also makes the Laura Scudder's line, claims a 14 percent share of the Northern California snack-food market. But the company said it has trouble competing against multinational corporations and has lost millions in sales.



# d fire 40 percent of managers

Continued from A-1

The company said that Kim will begin work immediately "to play an integral role in the . . . operation of the company" and install some of his cost-cutting plans.

Most everyone involved agrees that Kim can only save the company if he dramatically reduces costs. He already has a tentative agreement with the unions for a 30 percent cut in pay and fringe benefits.

Kim has said he will fire 40 percent of the company's 110 managers, eliminate some administrative staff and sell its fleet of 30 corporate cars. The cars have come to symbolize high management costs at Granny Goose, which has lost millions in each of the last four years and is expected to lose be-

tween \$8 million and \$12 million this year.

"I think it's up to (Kim)," said De La Fuente, who negotiated the deal with Councilmember Dezie Woods-Jones (Elmhurst-East Oakland Hills). "I think he knows what to do — you have to cut overhead, you have to streamline the operation."

De La Fuente said the city loan to Kim was crucial, though the San Francisco group had come forward with a plan to invest \$2 million to \$15 million at no cost to the city.

The city of Oakland had its own reasons for remaining directly involved in the deal to save Granny Goose: The company will stay in the hands of an Oakland resident, which carries strong symbolic value. In addition, with the \$2.25 million loan

as leverage, Oakland could exert control over some of the cost-cutting agreements and help save union jobs.

"I don't think anyone thought we could do this without the cooperation of the city," De La Fuente said.

Woods-Jones said her staff has scrutinized the deal with Kim, and she feels confident he is qualified to run Granny Goose.

"This has been an excellent week for us with the Raiders coming back" she said. "To follow this with another revitalization effort is enormously pleasing."

Granny Goose announced April 12 it could not find a buyer for the business, and gave 600 workers in Northern California a 60-day notice of possible closure.

After the announcement, the

company said, several buyers stepped forward with an interest to buy the Oakland-based manufacturer and distributor. The company extended the 60-day notice to July 21 after three serious deals were being negotiated.

The first offer to fail was from the Curran Management Group Ltd. of Switzerland, which needed a \$3 million loan from the city. The second offer came from an anonymous group of San Francisco investors represented by attorney Dennis Babbitts.

The San Francisco group offered a 13-page turn-around plan and offered to save just as many production and related jobs as Kim's plan. Singer said Wednesday the San Francisco deal was off the table, no matter what happens to Kim's deal.

City	Last 24 hrs. to date	Season to date	Total Season last	Annual average
Alameda	0.00	0.00	29.93	17.50
San Francisco	0.00	0.00	29.93	17.50

# Oakland's historic Merritt returns to its roots — and its first owner

**By Diana M. Williams**  
STAFF WRITER

OAKLAND — A businessman who received \$2.3 million in city loans to revive East Oakland's near-dead Granny Goose plant has failed in his efforts to rescue another city institution — the Merritt Bakery & Restaurant.

Entrepreneur Keith Kim has sold the well-known eatery at the edge of Lake Merritt to its original owner, Walter Harmon.

Now Harmon works at the restaurant 16 hours a day, seven days a week,

trying to lure back patrons.

"I'm putting it back together," Harmon said Friday, sipping coffee at one of the Formica tables in his 47-year-old restaurant.

For years, Harmon's wood-paneled diner was one of Oakland's beloved gathering places, drawing everyone from judges to blue-collar workers.

"It's an institution," Harmon said. "And my job here is to make sure it remains an institution."

Please see **Merritt**, A-9



Continued from A-1

The Nov. 1 sale of the Merritt brought an end to Kim's unsuccessful stint in the business, a time marked by unpopular changes and a 50 percent drop in business.

In a highly publicized deal 18 months ago, Kim stepped in to buy the diner on 18th Street. Business had been declining and Harmon, then 62, wanted to devote more time to interests ranging from anti-drug programs to ballroom dancing.

It looked as if the restaurant would close, leaving 80 employees out of work. Kim, a 33-year-old developer who owns apartment buildings in Oakland, pledged to make the Merritt succeed and expand with 10 satellite restaurants.

The changes he made, however, proved disastrous. To cut costs, Kim required customers to order and pay at the counter before being served at tables. He experimented with a Mexican food stand in the middle of the bakery. He stopped displaying as many baked goods in the diner's 1950s-style glass cabinets, leaving them bare.

Regulars were nonplused.

"Ooooh, it was a drastic change," Jovine Hankins said with a grimace. The school district employee stopped eating at the restaurant about a year ago, after she was served coffee in a Styrofoam cup and then asked to sit in a makeshift eating area. Now Hankins is back — and pleased to see the place returning to its former self.

Gay Nelson kept coming despite the problems.

"I didn't want to see it close. I felt some loyalty, even though I didn't like what was happening," said Nelson, a retired kindergarten teacher who has eaten at the Merritt for 30 years.

One day last year, the changes irritated Nelson so much she had to say something. Harmon, who stopped by from time to time, happened to be eating at the restaurant.

"I said, 'I can't believe this is happening,'" Nelson recalled. Harmon just listened politely.

But it was complaints like those — and the realization that he deeply missed his business — that led Harmon back to his eatery.

For Kim, the move has enabled him to devote more time to the struggling Granny Goose Foods Inc., which he bought in late July for \$5.25 million. To help save the plant and its 400 jobs, the City Council granted Kim a loan, although economic aides advised against the move.

Councilmember Natalie Bayton (West Oakland-Downtown) said Kim's failure at Merritt doesn't necessarily bode poorly for Granny Goose.

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Councilmember John Russo (Grand Lake-Chinatown) said he hopes Kim's restaurant problems were the result of his work at Granny Goose "and not evidence of his follow-through."

"I'm disappointed I couldn't take the restaurant to its full fruition," Kim said Friday. While acknowledging that some of his changes simply didn't work, he emphasized that he didn't close the restaurant.

"I didn't kill it; I let go of it."